

Message Text

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ORIGIN IO-14

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INFO USMISSION GENEVA
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NESCO

E.O. 11652: N/A

TAGS: AORG, PORG, UNESCO

SUBJECT: UNESCO 103RD EXECUTIVE BOARD: PRELIMINARY PRO-
POSALS FOR 1977-1980 BUDGET LEVEL (ITEM 4.2)

REF: PARIS 25841; PARIS 26413; STATE 215135

1. BEGIN SUMMARY. DEPT HAS CAREFULLY ANALYZED PARAS
11-35 OF 103 EX/5 (PART III) RE PROBABLE BUDGETARY REQUIRE-
MENTS IN 1979-1980 AND, WHILE FINDING THE COMPUTATIONS
MATHEMATICALLY CORRECT, QUESTIONS THE INCLUSION OF CERTAIN
ITEMS, OMISSIONS OF OTHERS, AND SOME DG ASSUMPTIONS.
DEPT'S REVISED 1979-1980 BUDGET ESTIMATE REMAINS WELL BELOW
THAT OF DG. END SUMMARY.

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2. DEPT'S ANALYSIS OF DG'S PRELIMINARY BUDGET ESTIMATE
INDICATES THAT HIS PROJECTION FOR 1977-1978 INFLATION
APPEARS ACCURATE WHILE THAT FOR 1979 IS QUESTIONABLE. IN
ARRIVING AT A 1979-1980 BUDGET TOTAL, WE CAN ACCEPT DOLS.
40.2 MILLION PROJECTION, BUT WE BELIEVE IT MORE PRUDENT,
GIVEN THE TIME SPAN AND POSSIBILITIES OF SAVINGS, TO

HYPOTHESIZE AN INFLATION OF DOLS. 13.4 MILLION FOR 1979
RATHER THAN THE DOLS. 15.1 MILLION CALCULATED BY THE DG.

HOWEVER, WHILE ACCEPTING THE MATHEMATICAL ACCURACY OF
HIS 1977-1978 INFLATION FIGURE, THE DEPT ALSO BELIEVES THAT
THE DG COULD VERY WELL REDUCE ITS SIZE THROUGH GREATER
EFFICIENCY IN PROGRAM EXECUTION AND OTHER COST SAVING
MEASURES. (FYI: UNDER SEMI-FULL BUDGETING TECHNIQUE, AN
AMOUNT (APPROPRIATION RESERVE) IS BUILT INTO THE BIENNIAL
BUDGET TO COVER INFLATION IN COST OF GOODS AND SERVICES
AND EMPLOYEE SALARIES DURING THE FIRST YEAR OF THE
BIENNIUM. INFLATION DURING THE SECOND YEAR IS SUPPOSED
TO BE COVERED THROUGH SAVINGS IN STAFF SALARIES ETC. AND
IN PROGRAMS. THE PURPOSE OF SEMI-FULL BUDGETING IS TO
ENCOURAGE MORE EFFICIENCY IN PROGRAM EXECUTION. HOWEVER,
SUCH COST-SAVING MEASURES ARE NOT ALWAYS SUFFICIENT TO
FULLY COVER INFLATION DURING THE SECOND HALF OF THE
BIENNIUM. END FYI.

3. WE DO NOT AGREE THAT THERE IS A "SHORTFALL" (PARA 13)
IN 1977-1978 PROGRAM GROWTH THAT HAS TO BE MET DURING
1979-1980. THAT GROWTH WAS AGREED TO BY THE 19TH GC AND
WOULD NOT NECESSARILY BE OVERTURNED BY ADOPTION OF THE
MEDIUM-TERM PLAN FOR 1977-1982. THE GROWTH PERCENTAGES
FOR THE MEDIUM TERM WOULD APPEAR TO BE INDICATIVE ONLY.
FOR THAT REASON AND THE FACT THAT "HIDDEN" GROWTH EXISTS
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IN UNESCO'S BUDGETING PROCEDURES, THE DEPT. PROPOSES A
4 (FOUR) PERCENT PROGRAM GROWTH FOR 1979-1980,
ESSENTIALLY THE SAME AS FOR 1977-1978. WE ARE ADAMANTLY
OPPOSED TO ANY REPEAT ANY GROWTH IN OTHER PARTS OF THE
BUDGET AND CANNOT ENVISAGE ANY JUSTIFICATION FOR IT.

4. WE QUESTION MANDATORY INCREASES OF 4.2 MILLION
DOLLARS, PARTICULARLY INCLUDING 1.9 MILLION DOLLARS
(9.6 MILLION FRANCS) IN THE BUDGET ESTIMATE TO COVER
ADDITIONAL COSTS FOR THE SIXTH BUILDING. THERE IS NO
EXPLANATION OF WHY THIS AMOUNT MIGHT BE NEEDED AND IT HAS
NOT YET BEEN PRESENTED TO THE HOUSING COMMITTEE FOR
APPROVAL. WE BELIEVE THIS AMOUNT SHOULD NOT BE INCLUDED
IN THE BUDGET ESTIMATE AT THIS TIME. IF APPROVED, IT CAN
ALWAYS BE ADDED ON.

5. GENEVA GROUP BUDGET EXPERTS AT THEIR JULY MEETING
AGREED THAT NON-RECURRING ITEMS SHOULD BE DEDUCTED FROM
THE PREVIOUS APPROVED BUDGET TO ARRIVE AT AN ADJUSTED
BASE FOR CALCULATING THE NEW BUDGET ESTIMATE. (NON-
RECURRING ITEMS INCLUDE PROGRAMS THAT MIGHT HAVE BEEN
CANCELLED, ONE-TIME CONFERENCES, AND ANY NON-REPEATING

CAPITAL EXPENDITURES, ONE-TIME PROJECTS NOT CONTINUED INTO THE NEXT BIENNIUM, CONSULTANTS, ETC.) THE DEPT., IN DEVELOPING ITS 1979-1980 BUDGET ESTIMATE, ASSUMES THAT 5 (FIVE) PERCENT OF THE 1977-1978 BUDGET WILL BE NON-RECURRING. IT WILL INSIST THAT THE FINAL BUDGET ESTIMATE

TAKE THIS FACTOR INTO CONSIDERATION.

6. THE DEPT'S REVISED ESTIMATE OF THE 1979-1980 BUDGET IS 262.3 MILLION DOLLARS AND IS DERIVED AS FOLLOWS:

1977-1978 APPROVED BUDGET 224.4 MILLION DOLS.
LESS-NON-RECURRING ITEMS (5 PERCENT) 11.2 MILLION DOLS.
1977-1978 ADJUSTED BASE 213.2 MILLION DOLS.
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PROGRAM GROWTH (4 PERCENT). 5.8 MILLION DOLS.
MANDATORY INCREASES 3.1 MILLION DOLS.
1979-1980 BUDGET ESTIMATE 262.3 MILLION DOLS.
(NB: ESTIMATED 1979 INFLATION OF 13.4 MILLION DOLLARS
BUILT INTO ADJUSTED BASE.)

7. HEATER HANDCARRYING GG BUDGET EXPERTS PAPER FOR BUIDANCE DURING SEPT. 13 MEETING AND EXBD DEBATE. VANCE

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